

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1698 - HB 1713

February 19, 2018

SUMMARY OF BILL: Broadens the definition of dealer for purposes of licensing to include any person who sells 25 or more dogs or cats in one calendar year to individuals.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$118,800/FY18-19 and Subsequent Years/Department of Agriculture

Increase State Expenditures –

\$118,800/FY18-19 and Subsequent Years/Department of Agriculture

\$126,500/FY18-19/General Fund

\$123,000/FY19-20 and Subsequent Years/General Fund

Assumptions:

- Tennessee Code Annotated § 44-17-101 et seq. requires dealers of dogs and cats to be licensed under the Department of Agriculture. Currently, dealer is defined as any person who buys and sells dogs or cats for research purposes, any person who buys or sells 25 or more dogs or cats in any one calendar year for resale, or any person who buys from or sells to a private person at a flea market any dog or cat.
- The proposed legislation broadens the definition of dealer to include any person who, for compensation or profit, sells 25 or more dogs or cats in any one calendar year to individuals.
- Further the proposed legislation requires any dealer required to obtain a license under the proposed legislation to pay an application fee of \$125 and an annual renewal fee of \$125.
- As written, the proposed legislation would apply to individuals who breed their own dogs or cats and sell them to individuals, pet stores that sell dogs or cats, and pet adoption agencies. These individuals are not considered dealers under current law.
- Assuming at least 10 dealers in each county, the Department of Agriculture will license and inspect 950 dealers each year.
- Each dealer must pay a \$125 application fee and a \$125 renewal each subsequent year. The proposed legislation will result in a recurring increase in state revenue of \$118,750 (950 x \$125).

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- If an animal health technician can inspect 1.25 dealers per day for 220 days out of a calendar year, then the Department of Agriculture will require four animal health technicians.
- The midpoint salary for an animal health technician is \$3,265 per month, or \$39,180 annually. Each technician will require \$7,500 (\$4,500 lease + \$3,000 maintenance) in recurring costs for a vehicle. Each technician will result in a recurring increase in state expenditures of \$60,435 [$\$39,180 + (\$39,180 \times 0.894)$ benefits + $(\$39,180 \times 0.765)$ FICA + \$7,254.96 insurance + \$7,500 vehicle]. The total recurring increase in state expenditures is \$241,740 ($\$60,435 \times 4$ technicians).
- Each technician will require \$3,500 in one-time expenditures for computers and supplies.
- The Department of Agriculture will incur costs in excess of the revenue generated by the proposed legislation. The Department of Agriculture will require supplemental appropriations from the General Fund in the amount of to cover the department's expenditures.
- The proposed legislation will increase state expenditures by \$245,240 ($\$241,740 + \$3,500$) in FY18-19 and by \$241,740 in FY19-20 and subsequent fiscal years.
- The proposed legislation will increase state expenditures from the General Fund by \$126,490 ($\$245,240 - \$118,750$) in FY18-19 and by \$122,990 ($\$241,740 - \$118,750$) in FY19-20 and subsequent fiscal years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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